

CONFIRMED MINUTES OF THE MEETING HELD ON 13 JANUARY 2021

PRESENT:

Neil Macdonald (Chair of FEC)	Professor Chris Husbands (FEC)
Professor Chris Kinsella (Chair of ARC)	Lord Kerslake (FEC)
Joanna Allen (ARC)	Chris Kenny (FEC)
David Bradley (FEC)	Meg Munn (FEC)
Vickie Brown (ARC)	John Warner (ARC)

IN ATTENDANCE:	AGENDA ITEM
Hannah Boyce, Governance Senior Administrator	All
Michaela Boryslawskyy, University Secretary and Clerk to the Board	All
Andrew Bush, KPMG	All
Richard Calvert, DVC Strategy and Operations	All
Katy Doherty, Grant Thornton	All
Deborah Harry, Chief Finance and Planning Officer	All
Sally Hook, Head of Financial Reporting and Compliance	All
Alison Ormston, KPMG	All
Mike Redfern, Grant Thornton	All
Simon Taylor, Director of Finance	All
Louise Walsh, Head of Financial Reporting and Compliance	All
Pete Sweeney, Governance Senior Adviser	All
Angela Temple, Governance Senior Adviser (Minute Secretary)	All

APOLOGIES:

Karen Finlayson (ARC)
Julie Morrissy (FEC)

Agenda item 2	DECLARATION OF INTERESTS	Minute Ref	FEC+A/1/21/01J
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1.1 There were no declarations of interest.

Agenda item 3	CHAIR'S BUSINESS	Minute Ref	FEC+A/1/21/02J
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2.1 None.

Agenda item 4 Paper Ref A/1/21/4J and FEC/1/21/4J	GUIDANCE NOTE ON THE ROLE OF THE AUDIT AND RISK COMMITTEE (ARC) AND FINANCE AND EMPLOYMENT COMMITTEE (FEC) IN CONSIDERING THE DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS (ARFS)	Minute Ref	FEC+A/1/21/03J
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3.1 The University Secretary presented the report to the Committee setting out their respective roles in considering the draft Annual Report and Financial Statements (ARFS) for the year ending 31 July 2020.

3.2 The Committee received the report noting that the guidance had been updated to reflect the CUC's Audit Code of Practice.

Agenda item 5 Paper Ref A/1/21/5J and FEC/1/21/5J	THE UNIVERSITY'S APPROACH TO GOING CONCERN ASSESSMENT	Minute Ref FEC+A/1/21/04J
<p>4.1 The Director of Finance presented the report to the Committee providing an assessment of the University's ability to operate as a going concern. The Finance and Employment Committee were asked to recommend to the Board of Governors that it was appropriate for the financial statements for 2019/20 to be prepared on a going concern basis.</p>		
<p>4.2 The Director of Finance highlighted management's approach to the assessing the University's ability to operate as a going concern:</p> <ul style="list-style-type: none"> i) a review of the 2020/21 budget (updated in the light of the forecast as at period 3) and the draft 2021/22 plan; ii) a review of cash flow forecasts including monthly cash requirements taking into account the peaks and troughs of the student loan company payments iii) a sensitivity analysis concerning covenant compliance; iv) a review of the impact of Brexit on the University; v) a review of the impact of covid-19; vi) a review of the impact of potential cyber-attacks; and vii) a review of the impact of the January 2021 lockdown. 		
<p>4.3 A minute confidential to the Committees was recorded.</p>		
<p>4.4 Grant Thornton agreed with management's assessment that the University and its subsidiaries should be prepared on the going concern basis and that there was no material uncertainty in relation to going concern. Grant Thornton were finalising their internal quality review process on the going concern audit work but did not envisage this would change the conclusion reached or the disclosures incorporated into the financial statements.</p>		
<p>4.5 The ARC noted the report on the going concern assessment.</p>		
<p>4.6 The FEC resolved to recommend to the Board of Governors that it was appropriate for the financial statements for 2019/20 to be prepared on the going concern basis.</p>		
Agenda item 6 Paper Ref A/1/21/6J and FEC/1/21/6J	GRANT THORNTON: AUDIT FINDINGS FOR SHEFFIELD HALLAM UNIVERSITY	Minute Ref FEC+A/1/21/05J
<p>5.1 Grant Thornton presented their audit findings for the University and its subsidiaries for the year ended 31 July 2020. Significant key risks covered in the report included the revenue cycle/fraudulent transactions, management over-ride of controls, pension provision and operation as going concern. The draft audit findings report had been discussed at the November 2020 Audit and Risk Committee meeting and no new issues had been identified by Grant Thornton following further work. The audit work was substantially complete with the following outstanding (i) finalisation of audit documentation (ii) the formal outcome of the internal quality review process on the going concern audit work (FEC+A/1/21/4.4 refers) (iii) post balance sheet review (up to the date of signing) and (iv) receipt of signed letter of representation (FEC+A/1/21/6 refers).</p>		
Agenda item 7 Paper Ref A/1/21/7J and FEC/1/21/7J	LETTERS OF REPRESENTATION IN RELATION TO THE 2019/20 EXTERNAL AUDIT	Minute Ref FEC+A/1/21/06J
<p>6.1 The Committees received the report which included (i) the letter of representation to be signed by the Chair of the Board of Governors on behalf of the University and (ii) a reciprocal letter of representation from the University to the Board. The letter of representation was required by the external auditors, Grant Thornton, prior to approval of the Annual Report and Financial Statements. The University had a process in place to ensure that the Board received appropriate assurances in order to provide the letter to Grant Thornton.</p>		

Agenda item 8 Paper Ref A/1/21/8J and FEC/1/21/8J	AUDIT AND RISK COMMITTEE OPINIONS	Minute Ref FEC+A/1/21/07J
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7.1 It was noted that as part of its annual report 2019/20 (BG/6/20/8.2ii) the Audit and Risk Committee was asked to give its opinion on various matters in order to support the Board of Governors approval of the 2019/20 Annual Report and Financial Statements (ARFS). The opinions were based on the information presented to the Committee. At the 13 January 2021 meeting, the Audit and Risk Committee were asked to consider their statements including whether amendments were necessary taking into account any post 10 November 2020 developments.

7.2 The Audit and Risk Committee agreed, based on information presented to it, that it continued to be satisfied that:

- the systems in place at the University for risk management, control and governance are adequate and effective;
- arrangements for economy, efficiency and effectiveness within the University are adequate and effective; and
- arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loan Company, the Office for Students, Research England and other funding bodies are adequate and effective.

Agenda item 9 Paper Ref A/1/21/9J and FEC/1/21/9J	DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS AND SUBSIDIARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020	Minute Ref FEC+A/1/21/08J
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8.1 The Head of Financial Reporting and Compliance introduced the draft ARFS for the year ended 31 July 2020. She noted that work to compile the ARFS had been co-ordinated between Finance; Governance, Legal and Sector Regulation; and Strategy, Planning and Insight. She gave an overview of the content of the financial statements.

8.2 The following was highlighted

- i) there were a number of new disclosures as required by the OfS's accounts direction. These related to grant and fee income, access and participation expenditure, and a change to the calculation of the Vice-Chancellor's pay ratio;
- ii) changes required by the HE SORP had also been incorporated;
- iii) note 17 of the financial statements related to the University's acquisition of a shareholding in Sonnet Advisory and Impact CIC;
- iv) SHUEL had made a loss for the year ended 31 July 2020 as a result of the Covid-19 pandemic and the impact it had on commercial income, such as conferences, catering and the nurse, as well as the impact on research projects;
- v) there was one unadjusted misstatement which management had chosen not to adjust as it was not material.

8.3 **The FEC resolved to recommend** to the Board of Governors the approval of the draft consolidated Financial Statements for the year ended 31 July 2020 subject to final audit clearance.

8.4 **The ARC resolved to recommend** to the Board of Governors the approval of the draft consolidated Financial Statements for the year ended 31 July 2020 subject to final audit clearance.

Agenda item 10	Any Other Business	Minute Ref FEC+A/1/21/09J
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9.1 The Committees received a brief sector update from the internal and external auditors. It noted that there continued to be uncertainty around matters such as student demand for refunds for tuition and accommodation fees and student demand for 2021 entry. In addition, the Skills White paper and the government's HE strategy had been delayed.

9.1 It was noted that Mr Neil Macdonald and Professor Chris Kinsella were stepping down as chairs of FEC and ARC respectively as of 31 January 2021. They were thanked for their significant contribution to the work of the Committees. The Chair of ARC thanked the auditors and the University staff for their work in support of ARC.

Agenda item 11	DATE OF NEXT MEETINGS	Minute Ref FEC+A/1/21/10J
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10 FEC: Wednesday 13 January 2021, 1500 to 1630
 ARC: Thursday 11 February 2021, 1600 to 1800
